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Foreign
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Circular Series

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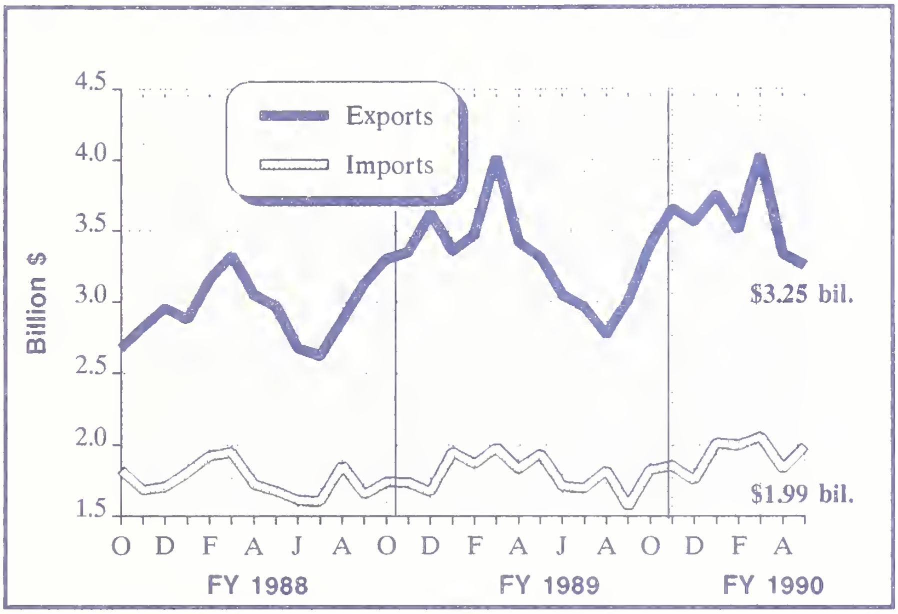
July 1990

AGRICULTURAL TRADE HIGHLIGHTS

May Exports Decline to $3.25 Billion, Imports Approach $2 Billion



May trade data released by the Commerce Department on July 17 placed U.S. agricultural exports at $3.25 billion and 11.5 million metric tons. This is a 3 percent decline from April's level of $3.34 billion. Compared with May of 1989, this month's total was down slightly in value and down 1 million tons in volume.

May's performance brought the cumulative export total (October-May) for fiscal 1990 to $28.5 billion and 107.5 million tons, compared with the fiscal 1989 total of $27.8 billion and 102.1 million tons. This represents an increase of approximately 2 percent in value and 5 percent in volume.

Significant commodity gains in May from year-ago levels came from corn (up 5 percent to $667 million), wood products (up 15 percent to $596 million), fresh fruits and vegetables (up 32 percent to $223 million), and wine and beer (up 33 percent to $29 million).

These gains were offset by declines in major categories such as wheat (down 29 percent to $294 million), soybeans (down 17 percent to $148 million), feeds and fodders (down 27 percent to $129 million), rice (down 54 percent to $50 million), soybean oil (down 23 percent to $31 million), and planting seeds (down 41 percent to $22 million).

Japan was by far the largest market in May, at $687 million. The European Community (EC) was second with $436 million, followed by Canada, at $404 million, the Soviet Union, at $254 million, and Mexico, rounding off the top five with $249 million. As a group, the newly industrialized countries (Hong Kong, South Korea, Singapore, and Taiwan) also comprise a large market for the United States totaling $418 million for May.

Among the ten largest markets, increases in May were hard to come by with only three showing any gains from last year. The greatest percentage gain was to Canada, up 81 percent. However, much of this continues to be from changes in how exports are reported to Canada. Exports to six countries were down while sales to the EC were unchanged.

Agricultural imports for May totaled $1.99 billion, up $92 million from last month and $53 million from May 1989. This is the second highest import number on record for the month of May. For fiscal 1990 imports total $15.5 billion, up $762 million over last year's level.

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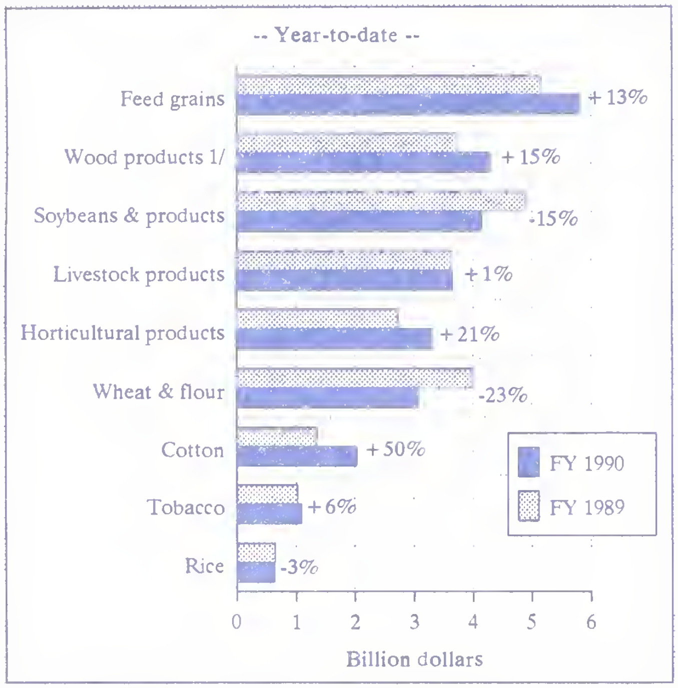

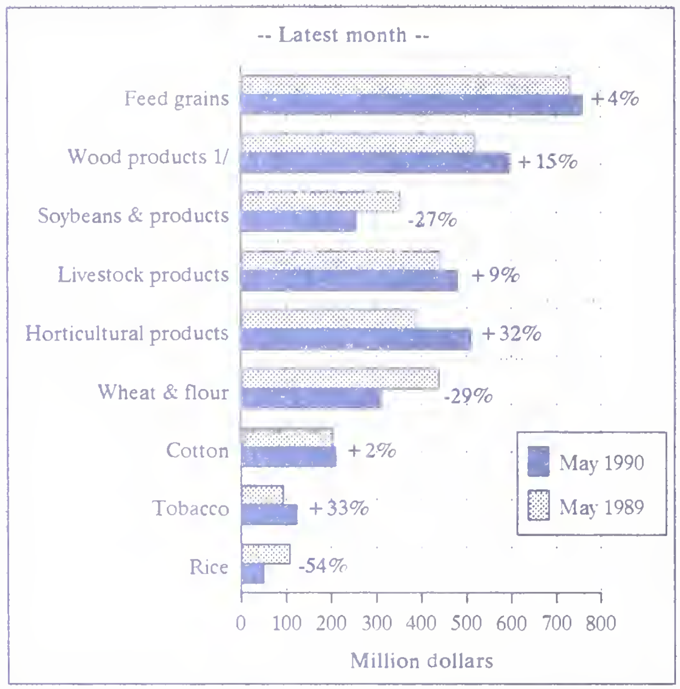

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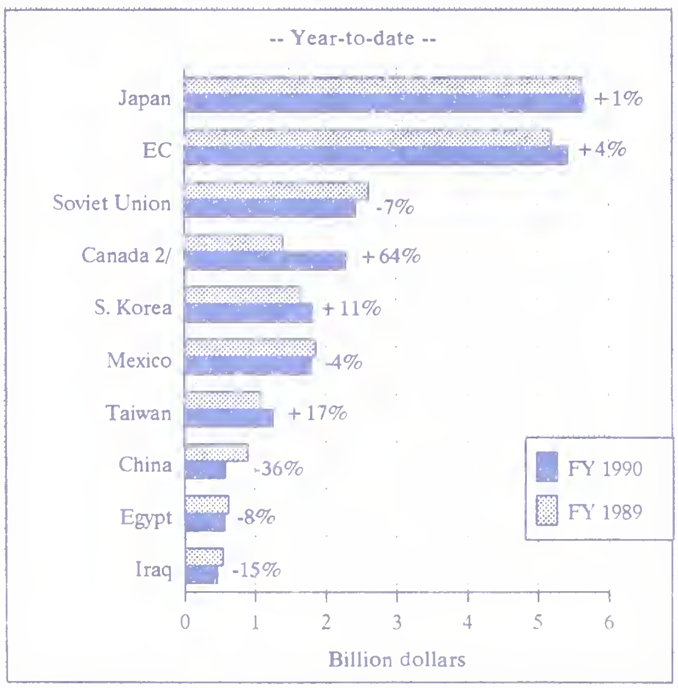
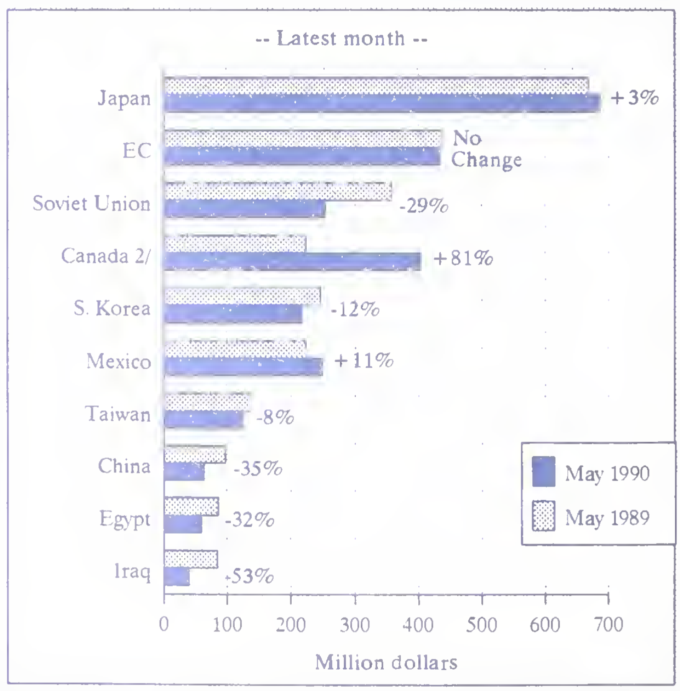




Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada have been under-reported in past years by about $1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

U.S. agricultural exports in May totaled $3.25 billion, falling 3 percent from April's $3.34 billion and 2 percent from the $3.30 billion level of a year ago. Export volume of 11.5 million metric tons in May was also down from the previous month and year. However, for the first eight months of the year, the value and volume of exports are up 2 and 5 percent, respectively.

Sales of *wheat and wheat flour* experienced a significant decline from year-ago levels in terms of both value and volume. Value dropped 29 percent from May 1989 to $310 million and volume slid 24 percent to 2 million tons. Shipments to major markets including Egypt, South Korea, the Soviet Union, and China were down from last May.

The value and volume of wheat and wheat flour exports have been lower every month thus far in the fiscal year from the previous year's monthly figure, with the exception of October, due to increased competition from Canada and the EC. The cumulative value of these exports for the first 8 months of fiscal 1990 measured $3.1 billion compared to $4.0 billion for October-May 1989. The cumulative volume amounted to 19 million tons compared to 25 million for these months last fiscal year.

Although sales of rye and barley slumped in May, sales of oats, sorghum, and corn advanced, causing the overall value and volume of *feed grain* exports to rise 4 and 1 percent, respectively, from last year's monthly level. For the fiscal year, the value of feed grain exports totaled $5.8 billion while the volume of these shipments registered 51 million tons. Mexico, South Korea, and Taiwan continue to be the biggest growth markets for feed grains, especially corn.

Rice sales felt the largest percentage decline from last year's monthly level with value plunging 54 percent (to $50 million) and volume dropping 56 percent (to 155,000 tons). So far this year, export volume is off 11 percent due to high U.S. prices, falling world import demand, and competition from Asian producers. While sales to most major markets are down, sales to Mexico and Turkey advanced 440 and 52 percent, respectively.

The value of U.S. *soybean and product* exports fell to $256 million in May, down 27 percent from last year's monthly total. This was partly due to lower soybean prices caused by larger U.S. supplies. Lower prices, however, did not spur increased volume. Volume in May was 1 million tons, down 13 percent from the 1.2 million tons of May 1989. So far this year, markets showing the largest value declines included the Soviet Union, Japan, and the EC.

For yet another month the value of U.S. *cotton* exports experienced a gain from its year-ago level, rising 2 percent to $209 million. Higher prices were responsible for the value increase as volume dropped 15 percent from last year's strong showing. To this point in the fiscal year, the value of cotton exports, at $2 billion, is 50 percent greater than the $1.4 billion of October-May 1989. Volume, at 1.3 million tons, was 26 percent greater than last year's 1 million tons. Exports to all major markets, especially Indonesia and the EC, were up.

Sales of *unmanufactured tobacco* took off in May with big gains to four of the top five markets. Asian countries, continue to be the most significant purchasers. Value rose 33 percent to $124 million for the month while volume rose 29 percent to 19,000 tons.

A jump in animal fat and beef sales contributed to the 9-percent growth in the value of *livestock* exports from May of a year ago. For the month, the value of livestock sales totaled $480 million, which brought exports to date to $3.6 billion. Japan, Korea, and the EC are the leading purchasers of U.S. livestock products so far this fiscal year.

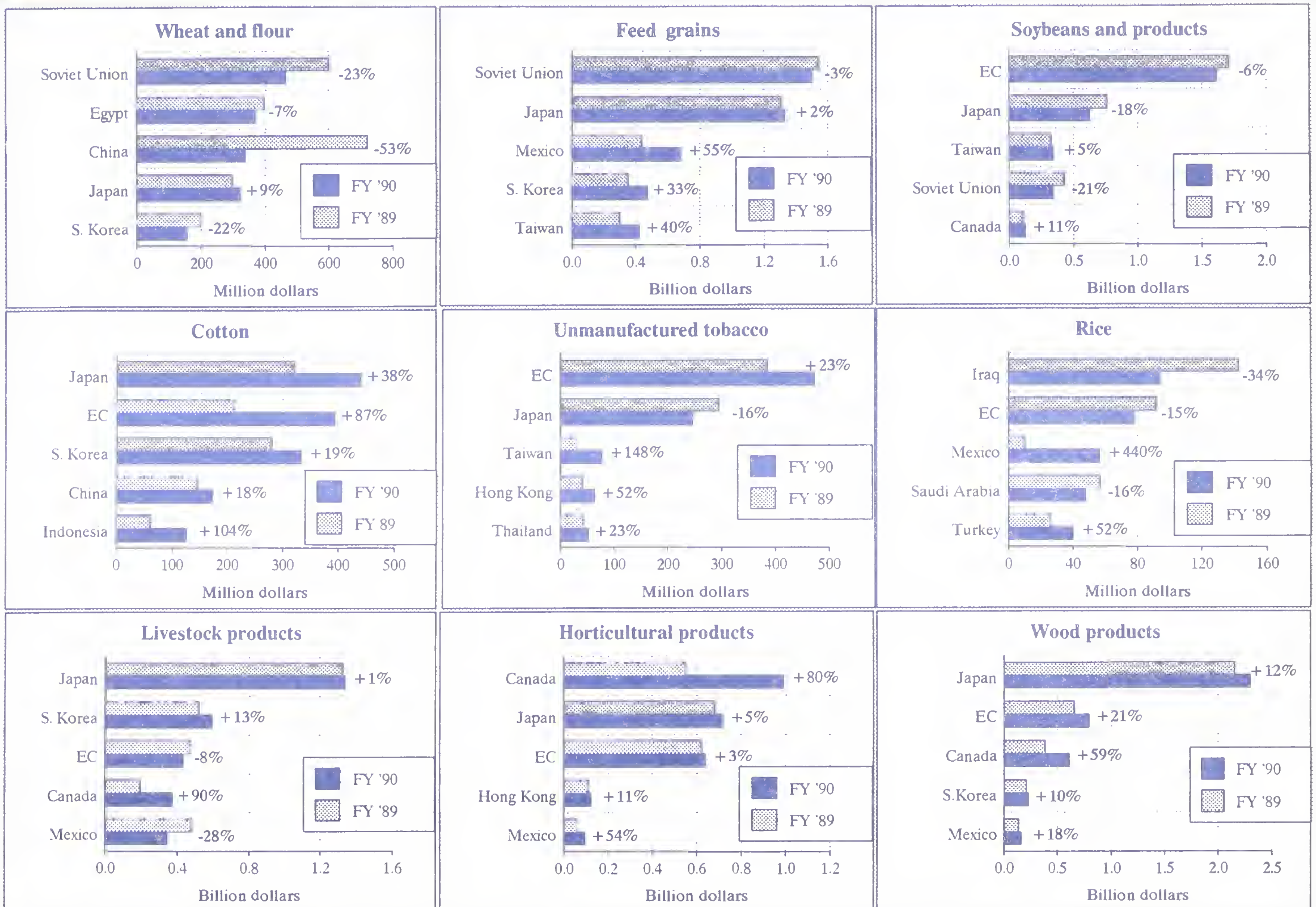
The 32-percent boost in exports of *horticultural products* from last May was, in part, attributable to increased sales of fresh strawberries, sweet cherries, melons, lettuce, cauliflower, and fresh sweet corn. Sales of all horticultural products measured $511 million and 579,000 tons in May compared to $387 million and 736,000 tons a year ago. Thus far sales to Canada have posted the largest gains for both the month and the year, due largely to statistical reporting changes.

Exports of *wood products* were up 15 percent from a year ago, reaching $592 million in May. Sales during the first 8 months are up 15 percent and are headed for another record year. The largest markets continue to show strong gains, including Canada (59 percent), the EC (21 percent), Mexico (18 percent), and Japan (12 percent).

For more information, contact Kathleen Anderson, (202) 382-9055.

Top Five Markets for Major U.S. Commodities

October-May Comparisons



Note: Percentages are computed as the change from fiscal 1989 to fiscal 1990.

Tariffication and the Uruguay Round: The U.S. Proposal

Agricultural trade liberalization is one of the top agendas of the Uruguay Round of multilateral trade negotiations (MTNs) under the General Agreement on Tariffs and Trade (GATT) in Geneva.

The United States first proposed tariffication--the conversion of non-tariff barriers (NTBs) to tariffs--in November 1988 and spelled out in detail in July 1989. If accepted by the other negotiating countries, tariffication would resolve the issue of how to negotiate reductions in NTBs and contribute to the agreed-upon objective of substantial progressive reduction in agricultural support and protection.

Why Tariffication?

Negotiating Perspective: The bound tariff is the preferred form of import protection under GATT rules and there are procedures for reducing binding tariffs in GATT. Tariffication would make it easier to eliminate waivers and exceptions to GATT rules by making them redundant in a world agricultural trading system which depends exclusively on tariffs to control market access.

Exporters' Views: Although tariffs restrict trade, they do so on the basis of price, not administrative restriction; thus they are less trade-distorting. For these reasons, exporting countries prefer tariffs.

Importers' Views: NTBs may be in place to meet economic policy objectives, such as providing employment stability in such activities as food processing. These measures may also be part of a country's international development policy as a way of guaranteeing a share of their market to a supplying country. The U.S. position is that in these situations a country's objectives can be achieved by other, less trade-distorting measures, such as tariffs.

How Does Tariffication Work?

The following is a formula for computing the ad valorem equivalent for a nontariff barrier:

$$TE = [(PD - PW)/PW] \times 100$$

where

TE	=	Tariff equivalent
PD	=	Domestic price
PW	=	World price

For example, a quota or import license increases the domestic price of a product by reducing the amount of product available to consumers at the world price. The difference between the world price and the higher domestic price is equivalent to a tariff of that amount. If the domestic price of a product is 100 and the world price is 50, the TE would be 100 % = [(100 - 50)/50] x 100.

Tariffication on the U.S.-Japanese Beef Agreement Case

The U.S.-Japanese Beef Agreement, signed on July 5, 1988, for the purpose of eliminating Japanese quotas on beef over 6 years, is a real-world example of the negotiated conversion of quotas to tariffs. Quotas on beef had been a source of trade frictions between the United States and Japan since the early 1960's. The 1988 agreement provided for the phasing out of quotas and their gradual conversion to tariffs. While the formula cited above was not adhered to in this particular case, it is illustrative of the application of the concept.

Under the 1988 agreement, quotas on beef imports are being phased out over two 3-year transition periods. In the first transition period (JFY 1988-90), the beef import quota will increase by 60,000 tons annually from a base of 214,000 tons. A specialty beef quota will be increased from 4,000 tons to 16,000 tons in JFY 1990. By April 1, 1991, (the start of Japanese fiscal year 1991) beef quotas will be eliminated.

During the second transition period (JFY 1991-1993), the current 25-percent tariff will be increased temporarily to 70 percent in JFY 1991, reduced to 60 percent in JFY 1992 and to 50 percent in JFY 1993. Japan has the option of implementing, as an emergency safeguard, an additional 25-percent tariff during the second transition period if Japanese beef imports reach 120 percent of the previous year's import level. After JFY 1993, the tariff on beef will remain at the 50-percent level, but will be subject to negotiations under the current Uruguay Round of multilateral trade negotiations.

For more information, contact Emiko Miyasaka, (202) 382-9148.

Import Totals Continue At Record Pace For 1990 As Cumulative Total Reaches $15.5 Billion

U.S. agricultural imports for the month of May totaled $1.99 billion, up 5 percent from last month's total of $1.89 billion and up 2 percent from the year-ago total of $1.94 billion. April's figure brought the cumulative import total (October-May) for fiscal year 1990 to $15.5 billion compared with the 1989 cumulative-to-date level of $14.7 billion. Given the continuing strong pace of this year's imports, it appears very likely that USDA's forecast of $22 billion, a record, is on target.

This year's imports should reach a record $22 billion.

Continuing recent trends, *competitive products* were above last year's monthly level while *noncompetitive products* were below the May 1989 total. Competitive imports totaled $1.46 billion compared with last year's monthly total of $1.39 billion, an increase of 5 percent. Modest increases were seen in fruits (up 3 percent), beef and veal (up 2 percent), and dairy and poultry (up 1 percent). Pork registered the most significant gain (up 12 percent).

Noncompetitive products totaled $512 million compared with last year's monthly total of $545 million, a decrease of 6 percent. Much of this decline was in rubber and allied gums (down 45 percent), coffee products (down 21 percent), and spices (down 8 percent).

Cocoa products again showed an increase in May by increasing 36 percent to $123 million. This follows April's increase of 10 percent. The increases over the past two months have pushed the cumulative-to-date total ahead of last year, to $692 million, up from $678 million.

The EC continues to be the leading supplier of U.S. agricultural imports. The EC increased the value of its sales to the United States by 7 percent in May. Canada, the second largest supplier, increased its sales value 12 percent, while imports from Mexico, the third largest supplier, decreased 3 percent.

Thus far in fiscal 1990, the United States has imported $1.2 billion of horticultural products from Mexico which includes tomatoes ($363 million), peppers ($125 million), cucumbers ($61 million), onions ($51 million), and cantaloupe ($46 million). Other major Latin American suppliers of horticultural products include Brazil with $356 million of orange juice, Chile with $256 million of grapes, Guatemala with $72 million of bananas, and Columbia with $64 million of bananas.

For more information, contact Kathleen Anderson, (202) 382-9055.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools. All other imports are classified as competitive.

U.S. Agricultural Imports by Major Product Sector

May 1990 Versus Month-ago and Year-ago

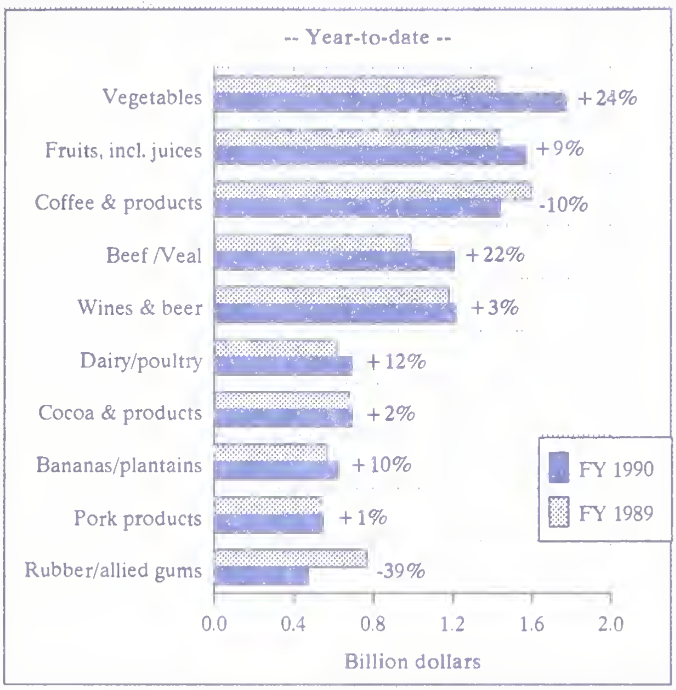
Import Category	May 1990	Month Ago	Year Ago	% Change From Apr.'90	% Change From May.'89
	-- Million $ --				
Total competitive	1,463	1,408	1,394	4%	5%
Fruits, incl. juices	212	239	206	-11	3
Wines & beer	167	140	167	19	0
Vegetables	158	176	189	-10	-16
Beef & veal	145	129	142	12	2
Dairy/poultry	89	74	88	20	1
Pork	74	74	66	0	12
Total noncompetitive	512	485	545	5	-6
Coffee & products	162	170	205	-5	-21
Cocoa & products	123	99	90	24	36
Bananas/plantains	91	82	81	11	12
Rubber/allied gums	55	53	101	4	-45
Spices	23	19	25	21	-8
Tea	14	15	12	-7	16
Total agri. imports	1,976	1,894	1,938	5	2

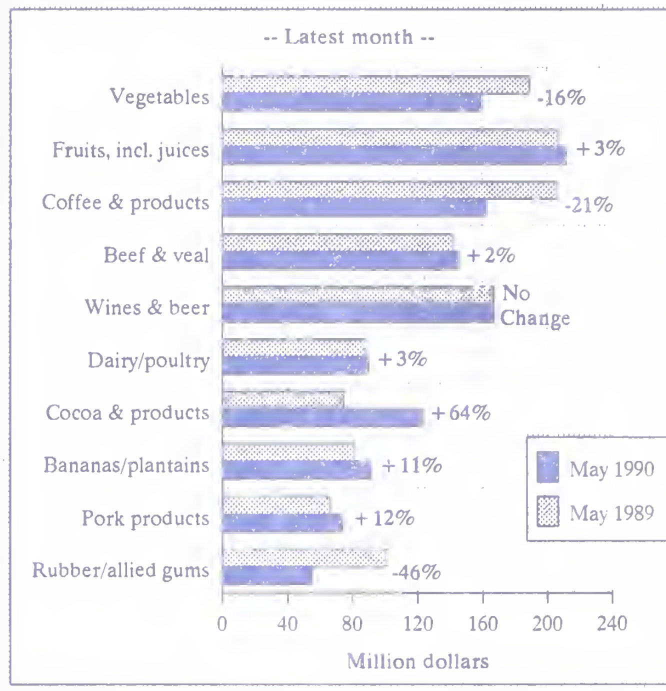
Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

U.S. Agricultural Import Summaries

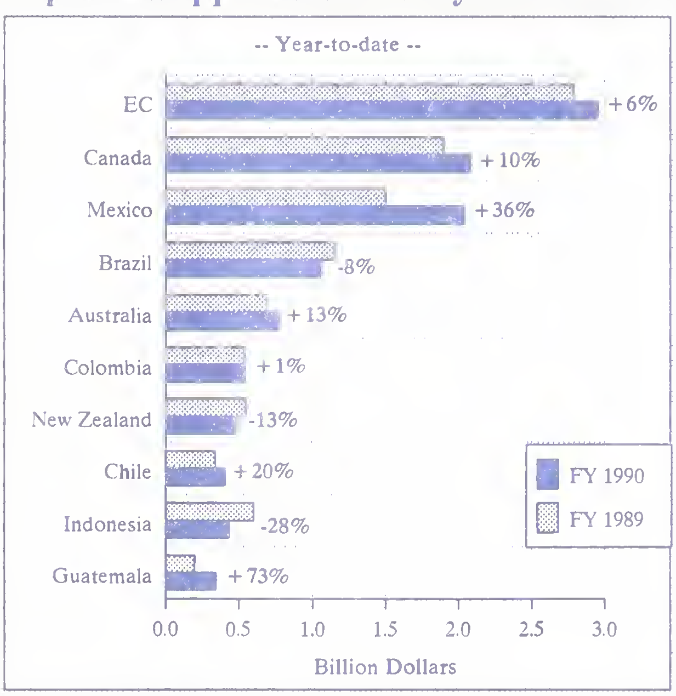
October-May and Latest Month Comparisons

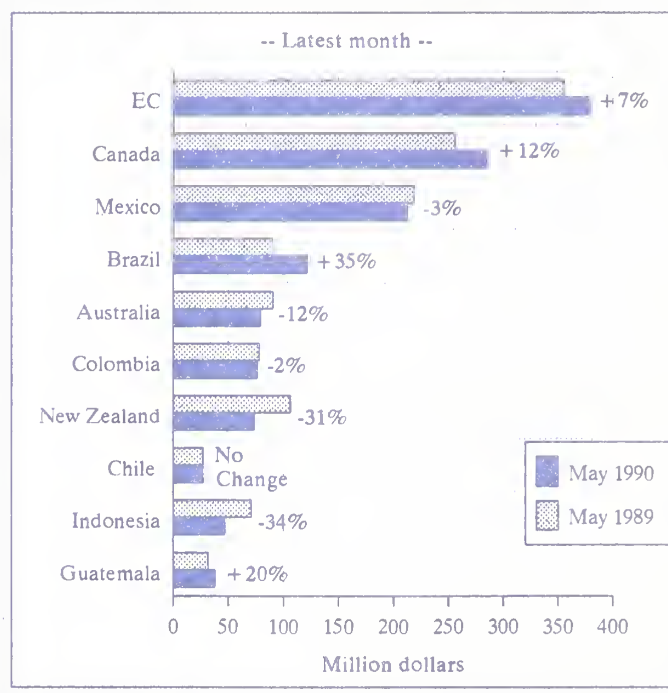
Product Summary





Top Ten Suppliers Summary





Note: Percentages are computed as the change from a year ago.

Trade Policy Updates...

Final Japan Beef Quota In Compliance with 1988 Agreement

Japan has announced a general beef quota allocation of 197,000 metric tons for the second half of Japan's fiscal 1990, the final period before the quota system on imported beef is abolished. Taken together with the general quota allocation of 167,000 tons for the first half of Japan's fiscal 1990 and special quotas (Hotel, Okinawa, and School Lunch Program) of 30,000 tons for all of Japan's fiscal 1990, Japan has met its import quota commitment of 396,000 tons for the year, as agreed to in the 1988 U.S.-Japan Beef and Citrus Agreement. As of April 1, 1991 (the start of Japan's fiscal 1991), Japanese imports of beef will no longer be subject to quota restriction. However, the tariff on imported fresh, chilled and frozen beef will increase from 25 percent to 70 percent at that time, to be progressively lowered in the following 2 years to 50 percent. Further reduction of the remaining 50-percent import tariff will be negotiated in the ongoing Uruguay Round.

EC Commission Releases Draft Budget for 1991

Under the draft preliminary budget for 1991, recently released by the European Community Commission, agricultural expenditures for farm price supports and export subsidies are expected to total 30.3 billion European Currency Units (ECUs) or (U.S.$24.6 billion). This represents a 14.5-percent increase over 1990. The Commission pointed to three factors that accounted for increase of 3.8 billion ECU's for agriculture: 1) an estimated increase of 1.1 billion ECUs in agricultural spending under the 1990/91 price package; 2) an additional 700 million ECU's, primarily for export subsidies, needed to offset a projected 6.7-percent depreciation of the dollar against the ECU; and 3) a one-time supplementary expenditure of 920 million ECUs due to changes in the payment schemes for cereals co-responsibility levies and production aids for olive oil.

Section 301 Investigation Of Canadian Beer Imports Initiated

On June 29, the U.S. Trade Representative (USTR) initiated a Section 301 investigation regarding Canadian provincial liquor boards' practices affecting imports of beer. The G. Heileman Brewing Company of Wisconsin filed the petition requesting the investigation. Heileman asserts that Canadian provincial listing requirements, discriminatory mark-ups, and restrictions on distribution of beer within Canada violate the General Agreement on Tariffs and Trade (GATT) and the U.S.-Canada Free Trade Agreement (FTA). A GATT panel in 1988 found that many of the practices listed in the petition were inconsistent with the GATT. The 1988 finding was in response to a complaint from the EC.

Proposed Rule for Meat Inspection Program Published

Following U.S. Office of Management and Budget (OMB) review, the proposed rule for the U.S.-Canada experimental border meat inspection program was published in the Federal Register on June 29. The proposed rule will be subject to a 30-day comment period. Secretary Yeutter and Minister Mazankowski announced in February their commitment to institute this program, whereby meat would move in either direction between the two countries free of re-inspection after crossing the border. The proposed rule, if made final, would be considered experimental and would be evaluated during and at the end of a 1-year period of operation.

France Fails in Attempt To Gain Exclusive Use of "Champagne" in Labeling

French winemakers, who for years have attempted to restrict to only French producers the use of champagne, Chablis, and similar wine terms with certain French growing regions, suffered a setback recently in Canada. Canadian courts ruled that winemakers may use the term champagne on labels so long as they clearly indicate that the country of origin is Canada. Many countries, including the United States, allow domestic wineries to use such "semigeneric" wine terms as long as the country of origin is properly identified on the label. Protection of geographic wine appellations is a major issue for France.

U.S.-Taiwan Settle Special Quality Beef Issue

The United States and Taiwan concluded negotiations on compensation to be accorded the United Sates by Taiwan for breaking a tariff binding. It was agreed that Taiwan will continue until August 1, 1993, its 30 NT$/kg (New Taiwan $26.75 equaled US$1.00 on 7/5/90) duty on certain low-value beef cuts and then return to the bound rate of 23.8 NT$/kg. As compensation, Taiwan agreed to lower the tariff on all other high-quality beef cuts down to 20 NT$/kg effective August 1, 1990, through January 31, 1995. In addition, Taiwan will reduce the duty on sausage meats and six categories of preserved and prepared meats from 40 percent ad valorem to 30 percent. The effective dates of the reduction will run the same as for high-quality beef. Finally, Taiwan agreed to follow GATT Article XXVIII procedures before taking any other action affecting tariff bindings.

New Poll Shows Majority Of Japanese Favor Some Rice Imports

The U.S. Agricultural Minister-Counselor in Tokyo reports that a poll conducted by the Yomiuri newspaper shows 13.7 percent of Japanese favoring complete rice import liberalization and another 56.9 percent favoring some limited rice imports. Only 23.1 percent were opposed to rice imports. Two other newspapers conducted polls with similar results. Of those opposed to liberalization, one-third were worried about rice "contaminated with agricultural chemicals" entering the domestic market. Another one-third said farmers would lose their incentive to produce, and only one-third said rice self-sufficiency should be maintained to prepare for an emergency situation. Of all those polled, 73 percent said they do not expect their politicians' election promises of "no imports" to be kept. Fifty percent said the government should provide subsidies to compensate farmers for any lost sales.

Trade Policy Fact Sheets

- GATT Proposal On Food Safety Standards and What It Means For The United States (June 1990)
- Biotechnology At USDA, Foreign Agricultural Service (June 1990)
- Trends in U.S.-EC Agricultural Trade (June 1990)
- Monitoring U.S. Agricultural Exports: The Export Sales Reporting System (Revised June 1990)
- U.S.-Soviet Grain Trade (June 3, 1990)
- Export Enhancement Program (Revised June 1990)
- Multilateral Trade Talks and U.S. Agriculture (Revised April 1990)
- U.S. Food Donation Programs Overseas (Revised April 1990)
- Dairy Export Incentive Program (Revised February 1990)
- U.S. Meat Import Law (January 1990)

Requests for copies of Fact Sheets listed above may be sent to the Trade Assistance and Planning Office, Foreign Agricultural Service, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 756-6001. FAX (703) 756-6124.

French Compete For Venezuelan Wheat Market

France is sending wheat samples to Venezuela in an effort to penetrate the country's wheat market for the first time. French wheat exports to Venezuela could reach 50,000 tons over the next few months, which would likely displace some U.S. wheat. The United States captured 90 percent of the Venezuelan wheat market in 1989/90. U.S. exporters have competed successfully with Argentina and Canada in recent years, but heavily subsidized French wheat would undermine recent U.S. marketing efforts.

EC Pushing Wheat Exports

The EC continues to exhibit unusual early-season aggressiveness in the wheat export market by 1) issuing three times as many export authorizations compared with year-ago levels (500,000 tons versus 150,000 tons); and 2) targeting specific countries. For example, the EC instituted a special fixed subsidy of 25 ECU's ($31) per ton on French soft wheat sales to Algeria.

Turkey May Be Net Barley Exporter

Turkey may be a net exporter of barley in 1990/91 after being a major importer this past marketing year. Prospects for a better crop would allow Turkey to resume shipments to neighboring Mediterranean countries, although some stock rebuilding is likely. Turkey has exported 300,000 to 400,000 tons of barley annually in surplus years.

EC Set To Expand Rice Exports

For the first time, the EC will consider opening a rice export tender to move surplus intervention stocks on the world market when the new season starts on September 1. These sales could cover up to 100,000 tons (equivalent to the level of Italian intervention stocks), and would be additional to any free market subsidized exports. Although the EC has been an erratic rice exporter, supply conditions for the new year parallel 1989/90 when the EC exported 70,000 tons under the group's open tender system.

Thailand Reportedly Sells Subsidized Rice To the Philippines

The Philippines has reportedly purchased 100,000 tons of Thai rice with an option for another 200,000 tons at a "friendship price." A wire service report states a price of $190 was paid by the Philippines, but trade sources indicate the price was closer to $150-$155. If Thailand used some of its government-held rice stocks for the sale, a subsidy of $60-$100 per ton is implied by the reported prices. This sale brings Philippine rice purchases to 775,000 tons since January.

EC Butter Stocks Rise

As of July 12, EC public stocks of butter receiving storage aid had risen to 264,500 tons. This is not a large surplus for the EC (stocks totaled nearly 1.4 million tons in mid-1986), but stocks have risen from 153,000 tons in December 1989. Further increases in EC stocks are anticipated this year, but EC sources indicate that the accumulation should slow as the year progresses.

Korea Increases 1990 Beef Import Quota

Korea's Economic Planning Board has announced that Korea would increase its 1990 beef import quota from the 58,000 tons (agreed to in the U.S.-Korea Beef Agreement) to 80,000 tons (boneless basis). Through May 1990, Korea has purchased 51,946 tons of beef compared with 38,663 tons during the same period in 1989. The U.S. share in 1990 stands at 28 percent.

Sulfamethazine Violation In U.S. Pork Shipment To Japan

The Japanese Ministry of Health and Welfare (MHW) recently informed the Embassy Agricultural Office that a pork shipment from the United States contained 0.32 parts per million (ppm) of sulfamethazine. The MHW tolerance level is 0.05 ppm. Consequently, the violating export plant has been placed on the 100-percent hold and test list. This is the fifth sulfamethazine violation on pork from the United States in the past 2 years. The MHW is "very concerned" and has hinted that it cannot tolerate more violations.

Discussions Continue On Effects of BSE

In June, a special session of the EC Agricultural Council was held to discuss the ban imposed on British beef by France, West Germany, and Italy due to Bovine Spongiform Encephalopathy (BSE). One of the key issues of the session was the right of member states to take action to protect consumers by restricting the free flow of trade between the member states and the scientific justification for such action. It was decided that the United Kingdom will need to certify that bone-in beef for export does not come from herds in which BSE has been confirmed in the last 2 years. In the case of boneless beef, every attempt must be made during the cutting process to remove nervous and lymphatic tissues. The EC Animal and Public Health officials determined that meat derived from animals in countries in which BSE occurs is not considered to be a danger to public health. As a result of these discussions, beef import bans by France, West Germany, and Italy were lifted immediately.

Pakistan Raises Tallow Import Tariff

Effective July 1, 1990, the Pakistani import duty for tallow was raised from 5 percent to 25 percent. At the same time, the regulatory duty for all industrial uses of palm oil was eliminated. Feather and bone meal import licenses and surcharge fees were raised by 1 and 3 percent, respectively. In comparison, the duty on soybean meal was dropped to zero and the sales tax on imports was eliminated. The move to increase the tallow tariff comes at a time when U.S. tallow exports to Pakistan are stagnant due to competition from palm oil products.

Malaysia Develops New Palm Oil

The Palm Oil Research Institute of Malaysia announced that it has successfully bred a new palm plant which produces an oil that will not solidify in cold weather. This new palm oil remains clear and more liquid in low temperatures and also has a more desirable fatty acid composition. Palm oil has already captured the major share of the world solid fats market and, with this advance, may soon have the potential to compete in the liquid oil market, estimated at 75 million tons annually.

Ecuador Liberalizes Vegetable Oil Market

The government of Ecuador has slowly moved toward a market-oriented economy, resulting in significant tariff reforms and price liberalization for the country's vegetable oil sector. Although tariffs and surcharges on crude soybean oil imports were raised slightly, from 7 percent to 12 percent, tariffs on crude non-soy vegetable oils imports were lowered significantly from 57 percent to 17 percent. The government is also planning to relinquish control of retail cooking oil prices, allowing prices to fluctuate more freely according to market demand. These changes could provide the United States with an opportunity to increase its previously limited exports of corn, peanut, and sunflowerseed oils to Ecuador.

Brazil's Soybean Exports Down This Year

The director of Brazil's Trade Coordination Bureau announced at the International Soybean Conference in Brasilia that the value of Brazilian soybean and soybean product exports would total $2.8 billion to $2.9 billion, which is about 20 percent below last year's level of $3.8 billion. U.S. soybean exports during the first half of marketing year 1990 have totaled 12.4 million tons (valued at $2.8 billion), an 18-percent increase over last year. Soybean meal exports have fallen 14 percent, however, to 2.6 million tons ($580 million), while soybean oil exports are nearly unchanged at 321,000 tons ($160 million).

Bangladesh Signs P.L. 480 Amendment

On June 14, Bangladesh signed a ninth amendment to the P.L. 480, title III agreement of April 17, 1987. The amendment provides $40 million for U.S. wheat, $3 million for cotton, and $5 million for vegetable oil.

New Zealand Sells Non-fat Dry Milk To Cuba

In late June, the New Zealand Dairy Board concluded a sale of 23,500 tons of non-fat dry milk (NDM) to Cuba. The NDM is valued at NZ$75 million, or $1,875 per ton in U.S. dollars. It is assumed this product is on a delivered or C&F basis. Currently, EC export prices for NDM to most destinations would be around $1,700 per ton C&F. Reportedly Cuba has been bartering sugar to East European countries for 30,000 tons of NDM each year. These countries now want hard currency and are reluctant to barter. Payment to the New Zealand Dairy Board will come from Cuban sales of sugar to other countries, primarily Japan. This is is the first New Zealand Dairy Board sale to Cuba since 1984.

U.S. Tobacco Exports To China Due to Rise In 1990

Imports of U.S. cigarettes and tobacco are expected to rise in 1990 as China prepares for the September Asian games in Beijing, and the R.J. Reynolds joint venture cigarette factory in Xiamen replenishes tobacco inventories. Tobacco was last imported by this plant in 1988, and expectations are that an additional 500 tons of blended strips from the United States will be required this year. No imports of U.S. tobacco or cigarettes were recorded in 1989. Cigarette imports are expected to increase to 1988 levels as tourism rebounds from 1989's reduced levels. Chinese government officials reportedly expect an additional 200,000 visitors for the September Asian games who will help boost demand for imported cigarettes.

U.S. Leaf Exports to Hong Kong To Rebound

Cigarette production in Hong Kong declined 8 percent in 1989 following more than 10 years of growth. Reports indicate that events in China following the crackdown on student protesters played a significant role in this decline as exports to China were reduced. Reduced cigarette production resulted in a 7 percent decline in leaf imports in 1989. The U.S. share of the market declined 8 percent to represent 43 percent of imports. Prospects for the coming year are for both cigarette production and U.S. leaf exports to Hong Kong to rebound to previous levels.

Canadian Leaf Exports Decline

Canadian leaf exports dropped more than 7,000 metric tons last year, mainly due to a 64-percent drop in sales to the United States. Until 1989, the United States was the leading export market for Canadian leaf, accounting for 37 percent of this trade in 1988. The flue-cured production target for Ontario, the nation's leading flue-cured producing province, was set at 53,700 tons, 19 percent below last year. Overall, Canada's flue-cured output for 1990 is forecast to drop 16 percent.

Wood Products Super 301 Establishes Technical Committee

A Wood Products Super 301 agreement reached in April of this year, and officially announced by Japan on June 15, includes the establishment of two technical committees to oversee the implementation of the agreement. The technical committee for those parts of the agreement for which the Ministry of Agriculture Forestry and Fisheries (MAFF) has responsibility met June 27 and 28 in Tokyo. Little progress was made in implementing the agreement, because most of the time was spent discussing the meaning of the agreement language. Ambassador Linn Williams called on MAFF officials Thursday July 5, for the purpose of resolving this issue.

For more information, contact Ron Croushorn at (202) 382-9522.

U.S. Agricultural Exports by Major Commodity Group

Year-to-date Performance Indicators and Fiscal 1990 Forecasts

	October-May			Fiscal Year		
	1988/89	1989/90		1989	1990 (f) 1/	
	-- Billion dollars --		Change	-- Billion dollars --		Change
Grains & feeds 2/	11.563	11.426	-1%	17.098	16.3	-5%
Wheat	3.815	2.912	-24%	6.018	4.9	-19%
Wheat flour	0.174	0.165	-5%	0.266	0.2	-25%
Rice	0.648	0.630	-3%	0.956	0.8	-16%
Feed grains 3/	5.149	5.798	13%	7.249	7.9	9%
Corn	4.400	5.048	15%	6.108	6.9	13%
Feeds & fodders	1.254	1.268	1%	1.822	NA	NA
Oilseeds & products	6.053	5.374	-11%	6.779	5.9	-13%
Soybeans	3.475	3.215	-7%	4.086	3.7	-9%
Soybean meal	1.166	0.738	-37%	1.290	0.9	-30%
Soybean oil	0.246	0.198	-20%	0.404	0.4	-1%
Other vegetable oils	0.272	0.272	0%	0.416	NA	NA
Livestock products	3.628	3.652	1%	5.391	5.5	2%
Red meats	1.430	1.430	0%	2.327	NA	NA
Animal fats	0.354	0.327	-8%	0.524	NA	NA
Poultry products	0.483	0.566	17%	0.730	0.8	10%
Poultry meat	0.338	0.412	22%	0.513	NA	NA
Dairy products	0.321	0.203	-37%	0.489	0.4	-18%
Horticultural products	2.724	3.299	21%	4.159	5.0	20%
Unmanufactured tobacco	1.028	1.093	6%	1.274	1.3	2%
Cotton & linters	1.356	2.029	50%	2.059	2.9	41%
Planting seeds	0.361	0.432	20%	0.498	0.6	20%
Sugar & tropical products	0.813	0.933	15%	1.190	1.4	18%
Wood products 4/	3.713	4.279	15%	5.876	NA	NA
Total agricultural export value	27.818	28.471	2%	39.668	40.0	1%

	-- Mil. metric tons --		Change	-- Mil. metric tons --		Change
Grains & feeds 2/	77.863	80.833	4%	115.245	NA	NA
Wheat	23.961	18.243	-24%	37.775	32.0	-15%
Wheat flour	0.830	0.703	-15%	1.240	1.2	-3%
Rice	2.126	1.899	-11%	3.053	2.4	-21%
Feed grains 3/	42.243	51.105	21%	60.971	67.2	10%
Corn	35.844	44.422	24%	50.556	58.7	16%
Feeds & fodders	7.594	7.576	0%	11.005	11.5	4%
Oilseeds & products	20.912	22.891	9%	21.509	NA	NA
Soybeans	11.836	14.187	20%	14.111	16.6	18%
Soybean meal	4.141	3.409	-18%	4.655	4.1	-12%
Soybean oil	0.444	0.387	-13%	0.754	0.7	-7%
Other vegetable oils	0.444	0.443	0%	0.683	NA	NA
Livestock products 5/	1.600	1.618	1%	2.508	NA	NA
Red meats	0.451	0.456	1%	0.713	0.7	-2%
Animal fats	0.910	0.882	-3%	1.369	1.3	-5%
Poultry products 5/	0.305	0.387	27%	0.483	NA	NA
Poultry meat	0.302	0.385	27%	0.465	0.6	29%
Dairy products 5/	0.229	0.125	-45%	0.353	NA	NA
Horticultural products 5/	2.625	2.975	13%	3.799	4.5	18%
Unmanufactured tobacco	0.169	0.177	5%	0.258	0.2	-22%
Cotton & linters	1.008	1.273	26%	1.491	1.8	21%
Planting seeds	0.273	0.348	27%	0.497	NA	NA
Sugar & tropical products 5/	0.523	0.629	20%	0.933	NA	NA
Total agricultural export volume 5/	102.107	107.510	5%	146.771	150.0	2%

NA = Not available.

1/ Export forecasts are from May 30, 1990, "Outlook for U.S. Agricultural Exports."
2/ Includes pulses and corn gluten feed and meal.
3/ Includes corn, oats, barley, rye, and sorghum.
4/ Wood products are not included in agricultural product value totals.
5/ Includes only those items measured in metric tons.

Source: U.S. Bureau of the Census and May 30, 1990, "Outlook for U.S. Agricultural Exports."

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 7/20/90	Month ago	Year ago
Wheat (c.i.f. Rotterdam) 2/			
Canadian No. 1 CWRS 13.5%	166	185	203
U.S. No. 2 DNS 14 %	145	172	185
U.S. No. 2 SRW	133	144	172
U.S. No. 3 HAD	154	168	186
Canadian No. 1 durum	167	186	192
Feed Grains (c.i.f. Rotterdam) 2/			
U.S. No. 3 yellow corn	133	135	128
Soybeans and Meal (c.i.f. Rotterdam) 2/			
U.S. No. 2 yellow soybeans	247	247	254
U.S. 44 % soybean meal	NQ	NQ	NQ
Brazil 48 % soy pellets	201	195	229
U.S. Farm Prices 3/ 4/			
Wheat	99	120	134
Barley	75	92	87
Corn	100	105	92
Sorghum	91	92	83
Broiler 5/	1,360	1,237	1,370
Soybeans 6/	217	220	249
EC Import Levies			
Common wheat	117	124	130
Durum wheat	132	155	180
Barley	105	107	124
Corn	111	107	165
Sorghum	114	117	171
Broilers	270	278	NA
EC Export Restitution (subsidies)8/			
Common wheat	NQ	50	24
Barley	71	41	43
Broilers	285	293	NA

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in $/ECU exchange rates.

*1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in $/metric ton: wheat, $151; barley, $112; corn, $112; sorghum, $106; soybean loan rate, $166. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates, * denotes no award given since the previous month.*

Note: The EC intervention prices, which are usually included in this table, will resume in November when the EC begins buying-in.

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